
Disposition of Prior Audit Recommendations

The following audit recommendations are from the Statewide Single Audit for fiscal year ended June 30, 1997.

	Recommendation	Disposition
	Department of Corrections	
1	The Department of Corrections should ensure that all federal program reports are completed accurately to account for all transactions affecting those programs.	Implemented.
	Department of Health Care Policy and Financing	
2	The Department of Health Care Policy and Financing should improve its management of accounts receivable by ensuring reconciliations are complete and performed in a timely manner and by further automating the reconciliation process.	Partially implemented. The Department has eliminated certain manual processes and is performing some reconciliations. Full implementation is expected by March 1999. We will continue our follow-up in Fiscal Year 1999.
3	The Department of Health Care Policy and Financing should improve its oversight of the collection of Medicaid overpayments by improving the tracking, reporting, and analysis of identified overpayments and using this information to aid county collection efforts.	Deferred until August 2000. We will continue our follow-up in Fiscal Year 2001.

Recommendation**Disposition****Department of Higher Education****Colorado State University**

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| 4 | Colorado State University should implement procedures to ensure all charges to Sponsored Programs exceeding the \$1,000 threshold are reviewed and approved. | Partially implemented. A procedure requiring the Office of Sponsored Programs approval of expenditures exceeding \$1,000 has been in effect since January 1995. There was not a similar requirement for electronic journal entries. Instead, there was a requirement for exception reporting to identify questionable entries to sponsored programs. Entries found to be in noncompliance would be reversed. The University has subsequently developed an electronic approval process. Entries in excess of \$1,000 charged to sponsored agreements will automatically be routed to the Office of Sponsored Programs for approval. The use of this system will be mandatory effective March 1, 1999. |
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Front Range Community College

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| 5 | Front Range Community College should investigate and resolve differences between the Federal Cash Transactions Report and the general ledger. | Implemented. |
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Recommendation**Disposition****Department of Human Services**

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| 6 | <p>The Department should develop and implement a more comprehensive fiscal management system for federal programs. This should include, but not be limited to:</p> <ul style="list-style-type: none">a. Designating a central point of responsibility and accountability for the activities performed by the Program Accounting Section and the Cash Management Section that oversees and coordinates all aspects of fiscal management of federal programs including expenditures, earned revenues, cash draws, cash receipts, related account balances, and federal awards.b. Placing in operation an improved methodology for the cash management process that identifies the amount and timing of cash draws and tracks information linking specific disbursements to cash draws and cash receipts.c. Implementing an integrated monthly reconciliation process that includes all program-related financial activity such as expenditures, earned revenues, expected and actual cash draws, and cash receipts.d. Establishing better controls over fiscal management to ensure that the Department meets state and federal laws and regulations. | <p>Implemented. The Department improved its fiscal management system in Fiscal Year 1998 by addressing the problems noted in Fiscal Year 1997. However, the Department's implementation of a new Electronic Benefit Transfer (EBT) service in Fiscal Year 1998 created new demands on its cash management process. See current year Recommendation No. 14.</p> |
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	Recommendation	Disposition
7	<p>The Department of Human Services Division of Disability Determination Services should review its procedures for purchasing personal services. This review should include:</p> <ul style="list-style-type: none"> a. Competitively bidding in areas where there are available providers to establish a qualified contractors list. b. Reviewing the current fee schedule for geographic areas where bids are not solicited, and standardizing procedures for rate adjustments. c. Ensuring compliance with federal and state regulations. 	<p>Partially implemented. The Division has developed a draft RFP for use in the bidding process; however, bids had not been solicited as of the end of our fieldwork. While the Division completed a review of its fee schedule, it has not standardized procedures for rate adjustments.</p>
8	<p>The Department of Human Services should improve its financial reporting on state and veterans nursing homes by:</p> <ul style="list-style-type: none"> a. Recording on COFRS the financial activity from operations of the Colorado State Veterans Nursing Home at Walsenburg. b. Including a full accounting of the Colorado State Veterans Nursing Home at Walsenburg's operations in reports to the General Assembly. 	<p>The Department disagreed with this part of the recommendation. The Department agreed to include a complete accounting of operations for the Colorado State Veterans Nursing Home at Walsenburg on internal monthly management reports. This has been implemented.</p> <p>Implemented.</p>

Recommendation**Disposition**

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| 8 | c. Ensuring that any future contractual arrangements for state and veterans nursing homes provide for inclusion of the home's complete financial information on the State's accounting system and the State's annual financial statements. | The Department disagreed with this part of the recommendation. The Department agreed to request members of the General Assembly to consider legislation requiring future contracts for the operation of a state home to specify the entity's separateness for financial reporting purposes. The legislation was passed in the 1998 Session and this has been implemented. The Department has also drafted amendments for the contract with the Huerfano County Hospital District, which operates the Colorado State Veterans Nursing Home at Walsenburg, that will require the district to ensure that a Single Audit is performed annually on the home. Single Audits have been submitted for fiscal years ending December 31, 1996 and 1997. |
| 9 | The Division of Vocational Rehabilitation should:

a. Examine the types of services it purchases and develop a process for competitively bidding those services that it is required to under the provisions of the State Procurement Code, State Fiscal Rules, and the Federal Common Rule.

b. Work with the Division of Purchasing to ensure that its new procedures comply in all respects with the purchasing requirements and that they are using the most efficient methods possible to procure services. | Deferred. We will follow-up on this recommendation during our Fiscal Year 1999 financial audit at the Department of Human Services. |

	Recommendation	Disposition
10	<p>The Division of Vocational Rehabilitation should:</p> <ul style="list-style-type: none">a. Develop a contract administration system, as required by the Federal Common Rule, which includes clear policies and procedures for contract monitoring, including the definition of staff responsible and clearly defined objectives and monitoring activities.b. Ensure that counselors' practices comply with these policies and procedures in an ongoing way.c. Monitor closely counselor performance in this area for at least the next six months.	<p>Deferred. We will follow-up on this recommendation during our Fiscal Year 1999 financial audit at the Department of Human Services.</p>

Department of Local Affairs

11	<p>The Department of Local Affairs should pursue appropriate funding sources for the costs associated with administering the Youth Crime Intervention Program.</p>	<p>Partially implemented. We will continue our follow-up in a future Youth Crime Intervention Program audit.</p>
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Department of Natural Resources

12	<p>The Department of Natural Resources should complete the review and correction of information on the report tracking system in a timely manner to ensure that schedules generated by the system contain correct due dates.</p>	<p>Partially implemented. The Department has made substantial improvements in the quality of information maintained, but still has some discrepancies that need to be corrected. We will continue our follow-up in Fiscal Year 1999.</p>
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Recommendation**Disposition****Department of Public Health and Environment**

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| 13 | The Department of Public Health and Environment should continue to seek approval from the oversight federal agency for the statistical distribution system. In addition, the system should be implemented on a departmentwide basis. | Deferred. The Department has sent a letter seeking approval. A response has not been received. We will continue our follow-up in Fiscal Year 1999. |
| 14 | The Department of Public Health and Environment should charge costs to the Rocky Flats AIP grant that are identified specifically with the performance of that grant. Other costs should be funded from the appropriate sources. To determine the adequacy of current funding sources, accurate time reporting, by function, should be utilized. | Implemented. |

Department of Transportation

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| 15 | The Transportation Development Section of the Department of Transportation should place a greater priority on reviewing subrecipients audit reports in a timely manner. | Implemented. |
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Department of Education

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| 16 | The Department of Education should improve the submission of the Nutrition Unit's on-site review reports to the LEAs in a timely manner by ensuring training is conducted in a timely manner for all new staff to attain the knowledge of the on-site review procedures and the applicable compliance issues. | Implemented. |
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Recommendation**Disposition****Department of Higher Education****University of Colorado at Boulder and Health Sciences Center**

- 17 The University of Colorado at Boulder and the Health Sciences Center should improve procedures to perform timely monitoring of subrecipients. Implemented.

Colorado State University

- 18 Colorado State University should implement procedures to monitor subrecipients based on yearly expenditures exceeding \$300,000 per the revised Circular A-133. Implemented.

Fort Lewis College

- 19 Fort Lewis College should revise the Perkins Loans billing procedures to comply with federal requirements. Implemented.
- 20 Fort Lewis College should ensure that “the last date of attendance” is used when calculating financial aid refunds. Implemented.
- 21 Fort Lewis College should continue its efforts to obtain credit for the Pell awards for FY’92-93 and FY’93-94 from the U.S. Department of Education. Not implemented. The U.S. Department of Education is still processing the adjustment request and Fort Lewis College has not received the Pell funds. The College has been contacting the Department on a monthly basis to obtain current status on the adjustment request. We will continue our follow-up in Fiscal Year 1999.

Recommendation**Disposition****Metropolitan State College of Denver**

- 22 Metropolitan State College should strengthen controls over student financial assistance programs so that exit conferences are completed as required and Colorado Diversity grant awards are only made to eligible students. Implemented.

Red Rocks Community College

- 23 Red Rocks Community College should designate a specific individual to oversee the pro-rata refund policy. Implemented.

Otero Junior College

- 24 Otero Junior College should implement a procedure to ensure pro-rata refunds are processed in a timely manner. Implemented.

Colorado School of Mines

- 25 The School of Mines should increase efforts to print award announcements when types and/or amounts are revised. One copy of the announcement should be mailed to the student and the other retained in the student's financial aid file. Implemented.
- 26 The School of Mines budget revision memos should be signed and authorized by appropriate personnel. Implemented.
- 27 The School of Mines should remit federal grant close-out reports and reimbursement requests in a timely manner in order to meet close-out deadlines. Partially implemented. See current year Recommendation No. 12.

Department of Transportation

- 28 The Department of Transportation should improve on the closing of construction projects in a timely manner by implementing process change improvements throughout the construction and finals process. In addition, the Department should identify an individual responsible for the closeout of each project in a timely manner. Implemented.

Recommendation**Disposition****Statewide Single Audit for Fiscal Year 1996****Department of Higher Education****Colorado State University**

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| 11 | Colorado State University should review their system for accountability information necessary to calculate the refunds to program accounts. Procedures should be developed to ensure that management obtains timely information to comply with the U.S. Department of Education refund requirements. | Implemented. |
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Department of Human Services

- 28 The Department of Human Services should strengthen controls over subrecipients to ensure federal funds are used appropriately by: Partially implemented. See current year Recommendation No. 15.
- a. Identifying all subrecipients and requiring them to submit audit reports.
 - b. Ensuring audit reports are received and reviewed timely.
 - c. Taking corrective action as appropriate under federal regulations.

Recommendation

Disposition

Statewide Single Audit for Fiscal Year 1995

Department of Health Care Policy and Financing

- 31 The Department of Health Care Policy and Financing should complete an analysis to determine if it is cost-beneficial to implement a system to calculate interest for the accounts receivable related to the drug rebate program. If the analysis results are positive, the Department should begin work to implement a system to calculate interest. Deferred. We will continue our follow-up in Fiscal Year 1999.

Department of Higher Education

Board of Regents of the University of Colorado

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| 36 | The University of Colorado should review how it can improve communication of its fiscal policies and procedures to academic units in conjunction with the installation of its new financial management system | Not implemented. To be implemented in Fiscal Year 1999. |
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Colorado School of Mines

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| 60 | In order to effectively monitor project sponsor receivables, the Colorado School of Mines should establish a detailed project report that would at least include the name of each project, all project sponsors for each project, the amount receivable from each sponsor, and a proper aging of the receivables. Project sponsor receivables should be reviewed at least quarterly. | Implemented. |
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The Colorado School of Mines should maintain a detail of federal grants received and receivable by each department. A copy of the detail should be forwarded to accounting on a monthly basis for proper reconciliation to revenue recorded on the general ledger. The grant forms from the departments should be maintained in a separate file by accounting and master files of the federal grants should also be maintained within accounting.

Recommendation

Disposition

Judicial Department

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| 85 | The State Court Administrator should ensure that adequate controls are established and maintained over the Judicial Department's decentralized accounting structure. | Implemented as applies to federal funds. |
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Statewide Single Audit for Fiscal Year 1994

Department of Administration

Statewide Indirect Cost Plans

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| 20 | <p>The State Controller should develop a cost-beneficial process to review and analyze the agencies' recoveries of indirect costs from the federal and cash-funded programs to determine the amount of General Fund costs recovered and the impact of changes to the Plans.</p> | <p>Deferred. A task force comprising representatives from state agencies, OSPB, and the JBC staff does not believe that tracking indirect cost recoveries is economically feasible without significant modification of COFRS. The State Controller concurs with this conclusion. The recommendation will be deferred until resources become available to modify COFRS.</p> |
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Recommendation**Disposition**

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| 21 | The State Controller should review agencies' Cash Plans to ensure that all eligible indirect costs are included for recovery from cash-funded programs. | Deferred. The State Controller's Office is establishing a program that will focus on assisting agencies in implementing cost identification and allocation systems. It is intended that this program will enhance the long term availability of information needed by management to make operating and policy decisions and provide a rational basis for determining fees for cash programs. The State Controller's Office has begun one such pilot program at an agency. Upon completion in the fall of 1999, this program will be expanded to other agencies. |
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Department of Higher Education

State Historical Society

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| 39 | The State Historical Society should strengthen its fiscal oversight of grant awards by adopting a risk-based monitoring approach which could include periodic on-site financial reviews or audits using standard internal control checklists. | This recommendation is from the September 1997 State Historical Society performance and compliance audit. Disposition will be determined in a future State Historical Society audit. |
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Recommendation

Disposition

Department of Human Services

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| 102 | <p>The Department should continue its efforts to develop, document, implement, and maintain a comprehensive disaster recovery plan that includes:</p> <ol style="list-style-type: none"> 1. Standards and departmentwide policies for recovery and backup of mainframe and Local Area Network data. 2. Plans to maintain operations in the event of a disaster situation at the state department building or at any county department of social services. | <p>Partially implemented. The Department has developed a draft plan for disaster recovery and will work on implementing the plan in Fiscal Year 1999.</p> |
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Statewide Single Audit for Fiscal Year 1993

Department of Education

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| 45 | <p>The Department of Education should complete the implementation of the HP 3000 minicomputer disaster recovery plan by establishing implementation dates for uncompleted aspects of the plan.</p> | <p>Implemented as applies to federal funds.</p> |
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Department of Military Affairs

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| 174 | <p>The Department of Military Affairs should comply with the Fiscal Responsibility and Accountability Act by:</p> <ol style="list-style-type: none"> a. Documenting the internal controls over the payroll and journal voucher systems. b. Making sure its internal control procedures conform to State Fiscal Rules. c. Identifying internal control techniques for each cycle and identifying the position in the Department responsible for performing the function. d. Developing procedures to carry out an annual review of the Department's internal control environment for the purpose of determining if there are changes in conditions. | <p>Implemented.</p> |
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Recommendation

Disposition

Statewide Single Audit for Fiscal Year 1992

Department of Corrections

- 49 The Department of Corrections should complete biennial Implemented.
physical inventories of fixed asset equipment in accordance
with Department policy.